

AR25

Fraser.  
Annual  
Report  
1970



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MAR 31 1971

## Financial Highlights

### For the Year Ended:

	January 2 1971	January 3 1970	December 28 1968
Net sales	\$73,730,000	\$91,327,000	\$76,568,000
Net results:			
Net income from operations	\$ 2,614,000	\$ 4,403,000	\$ 1,161,000
Extraordinary items	6,807,000	1,933,000	—
Total	\$ 9,421,000	\$ 6,336,000	\$ 1,161,000
Net results per common share:*			
From operations	\$1.12	\$1.90	\$ .50
Extraordinary items	2.92	.83	—
Total	\$4.04	\$2.73	\$ .50
Dividends paid	\$ .90	\$ .65	\$ .10
Cash flow from operations	\$ 6,638,000	\$12,069,000	\$ 7,315,000
Cash flow per common share*	\$2.85	\$5.20	\$3.18
Net additions to plants and properties	\$39,304,000	\$10,570,000	\$ 2,573,000
Tons sold—paper, paperboard and pulp	337,170	480,790	416,822

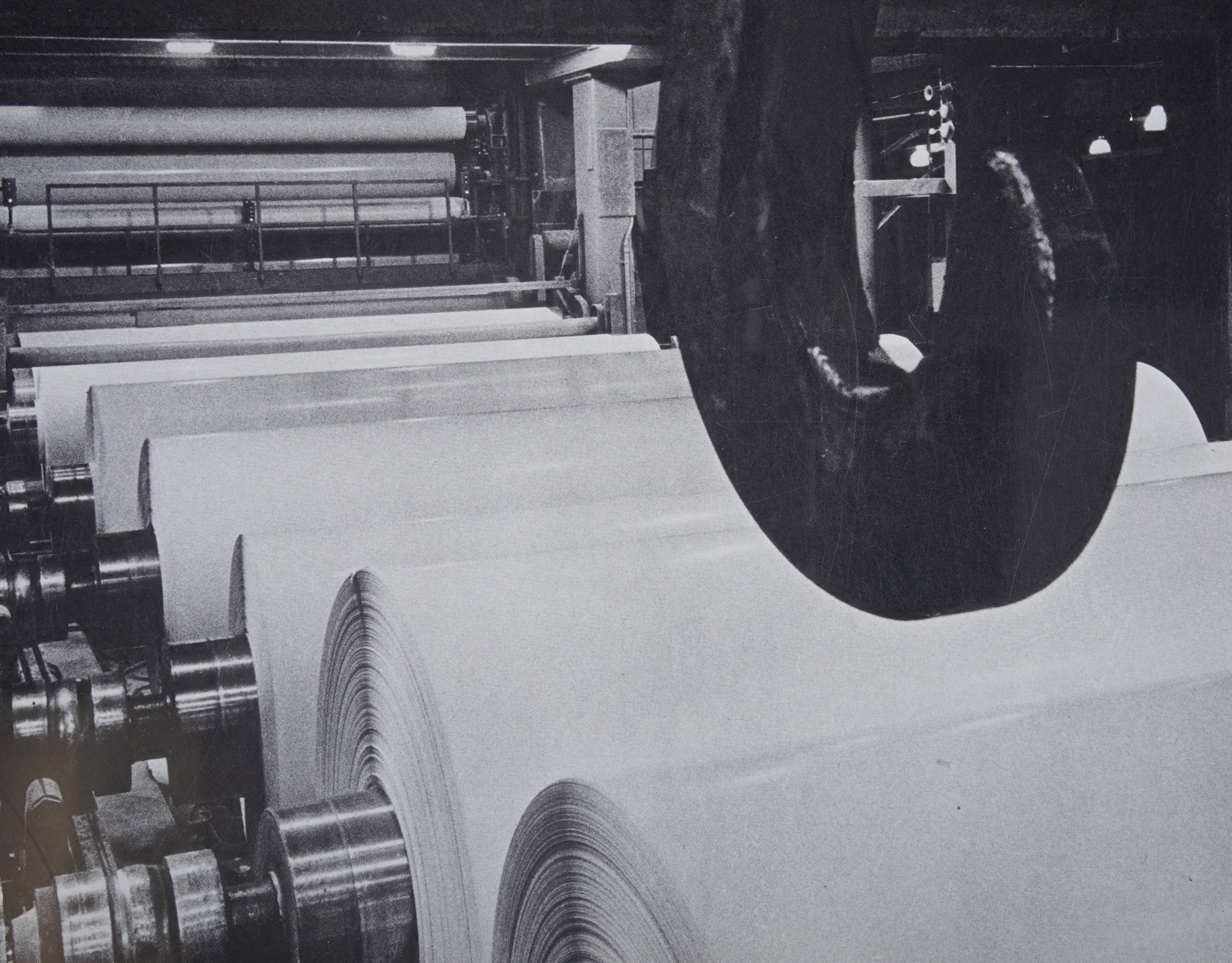
### At Year End:

Working capital	\$25,167,000	\$23,186,000	\$19,876,000
Shareholders' equity	\$73,600,000	\$66,032,000	\$60,749,000
Shareholders' equity per common share*	\$31.56	\$28.45	\$26.41

\*Based on shares outstanding at year end of 2,331,802 in 1970, 2,320,952 in 1969 and 2,300,202 in 1968.

# Fraser. Annual Report 1970







## Directors and Officers

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### Board of Directors

E. R. ALEXANDER  
F. PHILIPPE BRAIS  
RALPH B. BRENNAN  
KENNETH V. COX  
H. ROY CRABTREE  
JOHN E. L. DUQUET

A. A. FRANCK  
D. J. HENNIGAR  
JOHN H. HEUER  
DONALD E. KERLIN  
J. A. MULCAHY  
A. L. PENHALE

FRANK H. SOBEY  
EDWARD C. WOOD

### Honorary Directors

AUBREY CRABTREE  
L. M. SHERWOOD

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### Executive Committee

H. ROY CRABTREE, *Chairman*  
RALPH B. BRENNAN  
A. A. FRANCK

JOHN H. HEUER  
A. L. PENHALE

FRANK H. SOBEY  
EDWARD C. WOOD

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### Officers

H. ROY CRABTREE  
*Chairman of the Board*  
JOHN H. HEUER  
*President and Chief Executive Officer*  
RALPH B. BRENNAN  
*Senior Vice President*  
L. W. MILLER  
*Executive Vice President—Sales*  
C. R. RECOR  
*Executive Vice President—Operations*

D. E. YORK  
*Executive Vice President—Finance*  
R. B. FORBES  
*Vice President—Purchasing and Traffic*  
B. W. HICKS  
*Vice President and Secretary*  
R. V. OSBORN  
*Vice President—Corporate Planning*  
M. J. ROACH  
*Vice President—Manufacturing*

J. K. BARRY  
*Vice President—Marketing, Fraser Paper, Limited*  
E. S. McLEAN  
*Treasurer*  
M. B. ROBINSON  
*Controller*  
H. P. HIERLIHY  
*Assistant Treasurer*  
H. M. LOGAN  
*Assistant Controller*



## Directors' Report to the Shareholders

The Consolidated Balance Sheets of Fraser Companies, Limited and its wholly-owned subsidiaries, the Consolidated Statements of Income, Retained Earnings and Source and Application of Funds for the fiscal year ended January 2, 1971 are submitted herewith.

### ■ Income

Net income from operations was \$2,614,000 or \$1.12 per share on 2,331,802 shares as compared to \$4,403,000 or \$1.90 per share on 2,320,952 shares in 1969. The nonrecurring income of \$6,807,000 or \$2.92 per share resulting principally from the sale of the Newcastle Mill and Woods Division brings the total income for fiscal 1970 to \$9,421,000 or \$4.04 per share.

Substantially higher costs for labour, transportation, wood and operating supplies without a corresponding increase in selling prices had a serious effect on net income. Profits were also adversely affected by the freeing of the dollar. The amount received from foreign exchange was \$1,410,000 as compared to \$3,733,000 in 1969.

Substantial income resulted from the temporary investment of funds received from the sale of the Newcastle properties. These funds have now been used or earmarked as planned in the modernization of our plants and properties.

### ■ Sales

Net sales for fiscal 1970 were \$73,730,000 as compared to \$91,327,000 in 1969. This last mentioned figure includes some \$14,600,000 of Newcastle sales.

Operations and selling prices were at a reasonable level during the first three months. There was a marked erosion of sales and selling prices for the remainder of the year.

### ■ Shipments

Total pulp, paper and paperboard shipments were 337,000 tons as compared to 481,000 tons in 1969. This latter figure includes 123,000 tons from our former Newcastle mill. Shipments of lumber were 39,000 M f.b.m., an increase of 18% over 1969.

### ■ Cash Flow

Cash flow from operations was \$6,638,000 or \$2.85 per share.

### ■ Dividends

During 1970, dividends were paid as follows: 25¢ on March 16; 25¢ on June 15; 25¢ on September 15; and 15¢ on December 15, or a total of 90¢. On February 24, 1971, a dividend of 15¢ per share was declared, payable March 15, 1971, to shareholders of record March 5, 1971.

### ■ Funded Debt

The funded debt was reduced during this year by \$810,000.

### ■ Additions to Plants and Properties

In 1970, net additions and improvements to plants and properties amounted to \$39,304,000, up substantially from \$10,570,000 in 1969. The new woodroom, groundwood mill, pulp screening and cleaning facilities, and conversion from coal to oil, have been completed at Edmundston with a new boiler feedwater treatment plant now under construction. Many changes were made in the Madawaska mills including conversion from coal to oil; complete new automated stock preparation systems for all paper machines; the addition of a groundwood pulp bleaching plant; and automatic roll wrapping equipment.

We took advantage of the times to proceed with the rebuild, modernization and speed-up of six of our existing paper machines without interruption of customer service. These machine rebuilds have the effect of increasing machine production capacities in excess of 15%.

The major project was the continuation of the installation of our new No. 8 machine scheduled for start-up about March 31, 1971.

While other improvements were made at the Atholville pulp mill to increase production efficiency and improve pulp quality, the major projects completed were the construction of a new boiler feedwater treatment plant and the installation of a new salvage wood barking system.

The rebuild of the Miller plant (Kedgwick sawmill) was completed and the mill started up on schedule in early March 1970. A modern dry kiln and new planer mill were also added at this location. The new plant allows us to increase our lumber production and also supplies the Atholville mill with chips.



The many additions and improvements to plants were accomplished as planned and scheduled with the attainment of satisfactory results from those projects that were completed and placed into operation.

#### ■ Quebec Timberlands

Negotiations are continuing with the Quebec Government in connection with their acquisition in 1969 of our timber limits, freehold lands and improvements in that Province. (See note 8 to Consolidated Financial Statements.)

#### ■ Ecology

Several significant pollution-abatement and control projects have been implemented in 1970 with work proceeding on others. The projects completed included equipment to reduce and to recycle large quantities of various materials that were formerly discharged with waste waters. River driving of pulpwood has been discontinued at all Fraser operations. The reclamation of sunken wood from river bottoms is now an established operating procedure. Pollution-abatement and control equipment has been installed for all new production facilities. A new primary effluent treatment clarifier is presently under construction at our Edmundston pulp mill. A new secondary lagoon effluent treatment system will also be constructed. Both new systems are scheduled to begin operation at the end of the year. While these anti-pollution programs are very costly, they are being given top priority by Fraser. In order to take full advantage of all known technology, the efforts of our research staff have been augmented by the services of specialized outside consultants.

At the 56th annual meeting of the technical section of the Canadian Pulp and Paper Association, the I. H. Weldon Gold Medal was awarded to Messrs. J. L. Betts, D. E. Routledge and K. Patrick for their presentation entitled "The Fraser Process for Chemical Treatment of Kraft Mill Effluent." (A unique process for rendering a kraft mill effluent nontoxic to salmon.) This coveted award is made only when a presentation is considered outstanding and is a technical contribution to the industry. This research project, which was conceived and carried out entirely by Fraser employees, started in 1964 and was completed in 1969. Subsequently, Mr. Patrick left the company to become Assistant to the Vice President—Scientific at the Pulp and Paper Research Institute of Canada.

#### ■ Outlook

The demand for our lumber, paper and paperboard products shows some improvement. Advance sales of the product from our new No. 8 machine are encouraging. The increase in capacity from the rebuild of the six paper machines, together with the economies resulting from the current capital expenditure program, should keep us in a good competitive position. Nevertheless, in common with the rest of the industry, we must have an increase in prices. Many of our products are being sold today at the same prices as in 1959.

#### ■ General

In keeping with the policy of your Directors with respect to retirement age, the name of the Honorable F. Philippe Brais will not be submitted for re-election to the Board at the annual meeting. Mr. Brais has been a most valued Director of your company since 1949. He has made an outstanding contribution not only to the affairs of the company but to Canada as a whole, in recognition of which he was, this year, named a Companion of the Order of Canada.

It is proposed that Mr. John J. Jodrey of Hantsport, Nova Scotia, be elected a Director at the annual meeting to replace Mr. Brais.

During 1970, R. B. Brennan was elected Senior Vice President; L. W. Miller, Executive Vice President—Sales; C. R. Recor, Executive Vice President—Operations; D. E. York, Executive Vice President—Finance. The following were also elected vice presidents: R. B. Forbes, Vice President—Purchasing and Traffic; B. W. Hicks, Vice President and Secretary; R. V. Osborn, Vice President—Corporate Planning; and J. K. Barry, Vice President—Marketing, Fraser Paper, Limited. Many other management personnel moved up to positions of greater responsibility during the year.

To our customers, employees and suppliers that have given us their continuing support and loyalty we express our grateful appreciation.

Submitted on behalf of the Board of Directors.

H. ROY CRABTREE  
*Chairman*

J. H. HEUER  
*President and Chief Executive Officer*

February 24, 1971





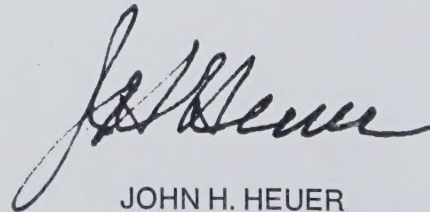


### **To The People of Fraser:**

■ The report contained in the following pages of our activities and accomplishments for the year 1970 could not have been presented without good teamwork and effort by the people of Fraser.

Working together we have faced problems and solved them. We have seen many changes and moved ahead to meet the inherent challenges. More and more we are reminded that the real backbone of Fraser is not its physical assets, plants or machinery but it is the people—each individual doing his particular job.

The year 1970 has had perhaps more than its share of frustrations, problems and unforeseen difficulties. As a team however we are certainly a strong contender and can look forward to an exciting future.



JOHN H. HEUER  
President and Chief Executive Officer

*Aerial view—Edmundston pulp mills on the  
Madawaska River and in the background—  
Madawaska paper mills on the St. John River, the  
international boundry between the U.S.A. and Canada*



## **Wood-Handling and Preparation System**



■ Our completely new wood-handling and preparation facilities located at the Edmundston pulp mill are now in operation “around the clock” on a seven-day per week basis. This new system supplies the total wood requirements of the Edmundston sulphite pulp mill and the new groundwood mill.

Truck or rail delivered wood is unloaded by mechanized equipment into the new 500-foot long water flume which conveys it to a pair of new hydro drum barkers. These barkers are of recent design which permits the efficient debarking of wood even during the winter months.

Leaving the drum barkers, the wood is subjected to an automated conveyor sorting process where unclean (unbarked) wood is rejected and recycled back to the barkers. Oversized logs are sent to special splitting equipment. A metal detector identifies and rejects logs that would cause damage to other process equipment.

After reject sorting, the wood is conveyed to a secondary sorting point where the wood is directed either to the chipping process or to the new groundwood mill. This sorting point is an important feature of the new wood-handling system for

it allows wood with the optimum pulping characteristics to be diverted to either of the two pulping processes—chemical pulp or groundwood.

Wood destined for the sulphite mill is converted to chips by a new large 800-H.P. chipper. After chipping, a new vibrating screen system removes the oversize chips which are then reduced by a rechipper and returned to the process.

During the debarking process, water is used as a washing and flushing medium to remove the bark from the barking drums. A conventional dewatering system is used to remove the bark from the water. The bark is then used as fuel to generate low pressure process steam or as fill for land reclamation.

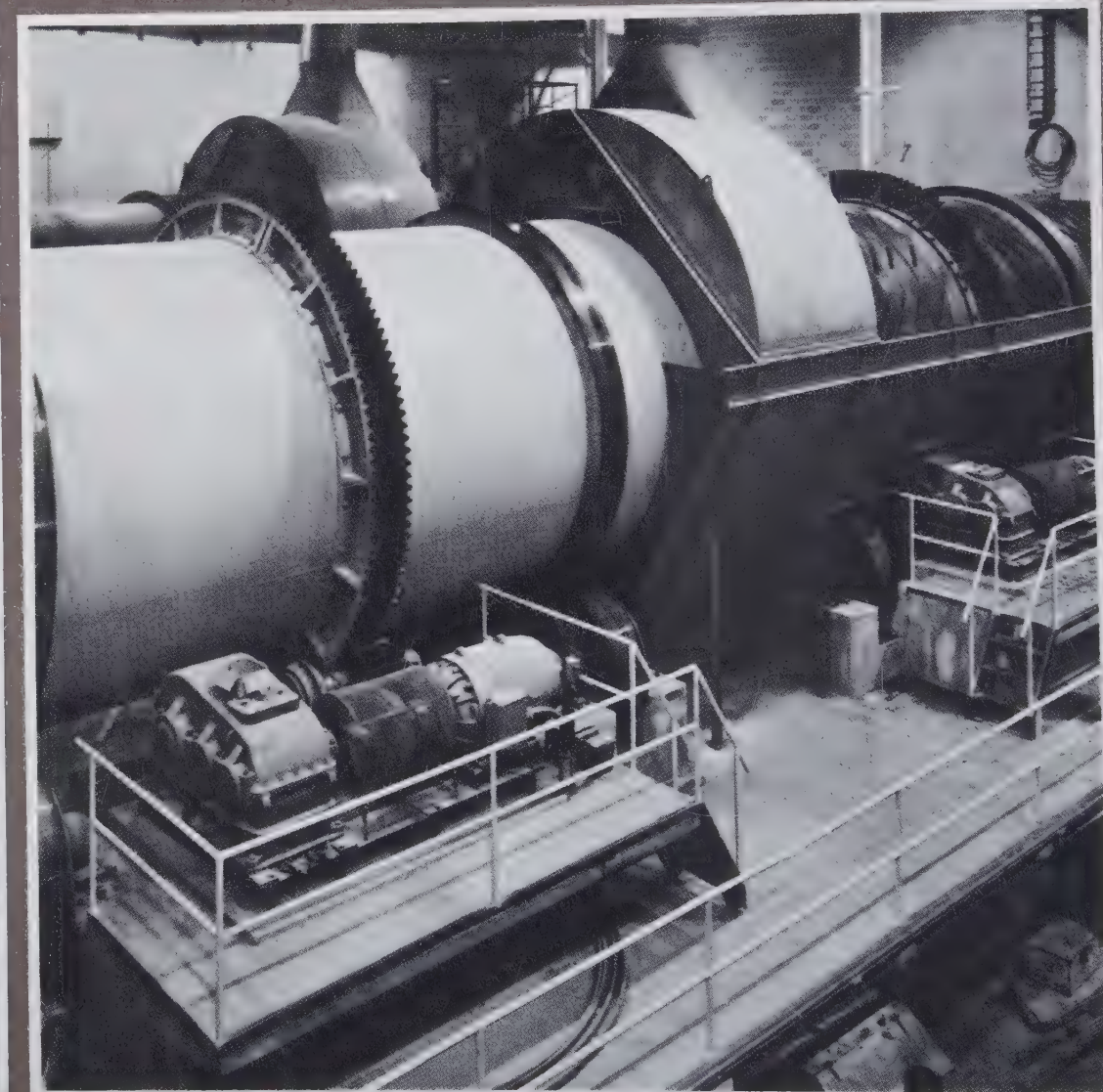
A new multi-stage pollution-abatement system, costing in excess of \$600,000, is now in operation in the new woodroom complex and practically eliminates water pollution from this source.

The new woodroom with its increased production capacity has reduced the operating and supervisory personnel by more than 60%.





*The new woodroom and groundwood pulp mill*



*These new hydro drum barkers are operative year round*



*Truck and rail wood-unloading facilities  
at the new 500-foot water flume*





*Unbarked, unclean and oversized wood is rejected by new automated wood-sorting conveyor*



*New chip screening system*



## The New Groundwood Mill





■ Located in the same building structure as the woodroom is the new, highly automated, modern groundwood pulp mill.

Clean debarked “fresh” wood from the woodroom is conveyed to the “Kone” automatic loading system that feeds the six new giant grinders. This ingenious system, developed and proven in Finland, eliminates most of the labour required by conventional systems to supply wood to the grinders.

The new Koehring-Waterous grinders each contain an artificial segmented stone, 54-inches wide by 67-inches in diameter, which reduce the logs to groundwood pulp in a matter of seconds. The grinders are operated in “pairs”—two grinders being driven by a single, large, 11,000-H.P. electric motor. These are the largest grinder motors in operation in the world. Their new loading controls are most important factors in the excellent “fine” groundwood pulp uniformity characteristics now being produced and supplied to No. 5 and No. 6 paper machines.

Leaving the grinders, the pulp is reduced in consistency and screened in a three-stage rotary screening system to remove the oversize fiber bundles. Efficient removal of these objection-

able oversize fiber bundles is a specially designed feature of the new screening process.

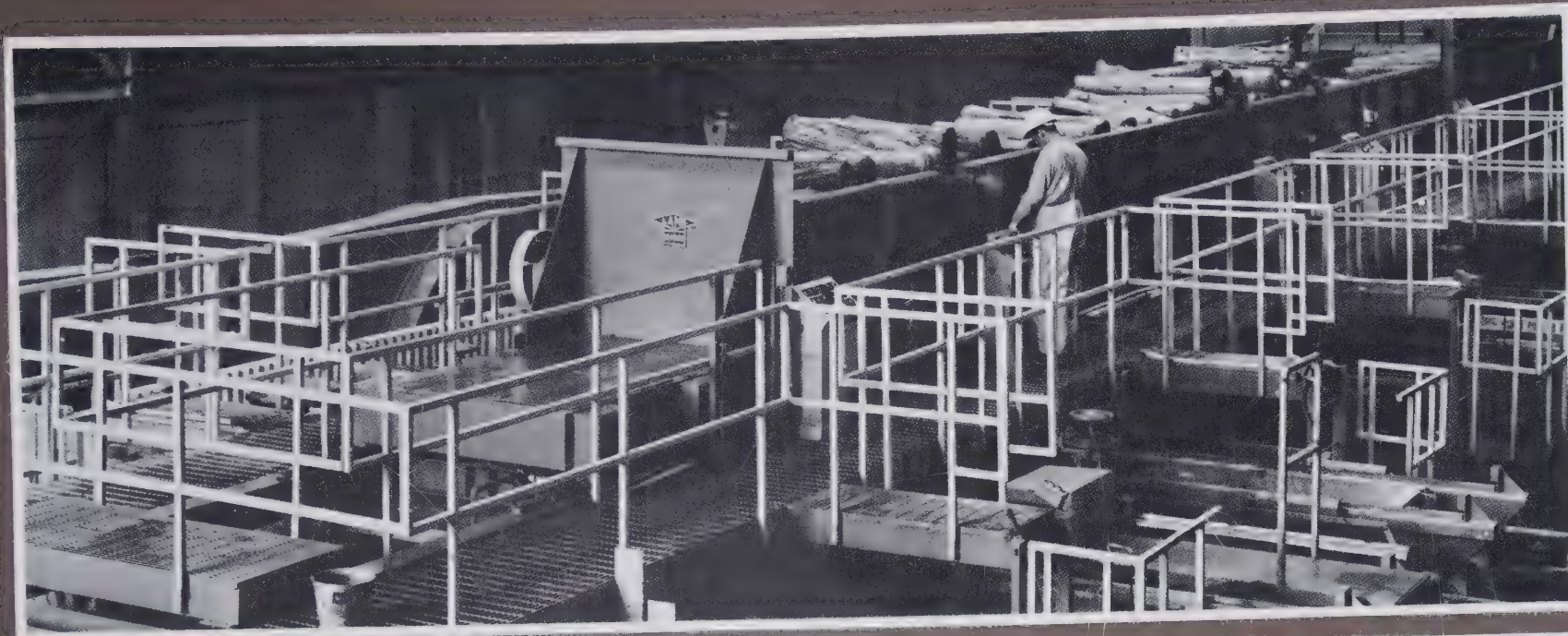
The rejected pulp from the screening system is dewatered and processed in large, powerful disk refiners to produce high quality acceptable pulp that is recycled to the screening process. The design of this pulp refining system is another significant aspect of the new groundwood mill and of its ability to produce a “fine” groundwood pulp for lightweight groundwood printing papers.

After screening, the pulp slurry is processed in a multi-stage centrifugal cleaning system to remove undesired particles of bark, fiber bundles and other foreign materials, etc. that are not removed in the screening system. This process step was not a part of the “old” groundwood mill and has added a new quality dimension to Fraser groundwood content papers.

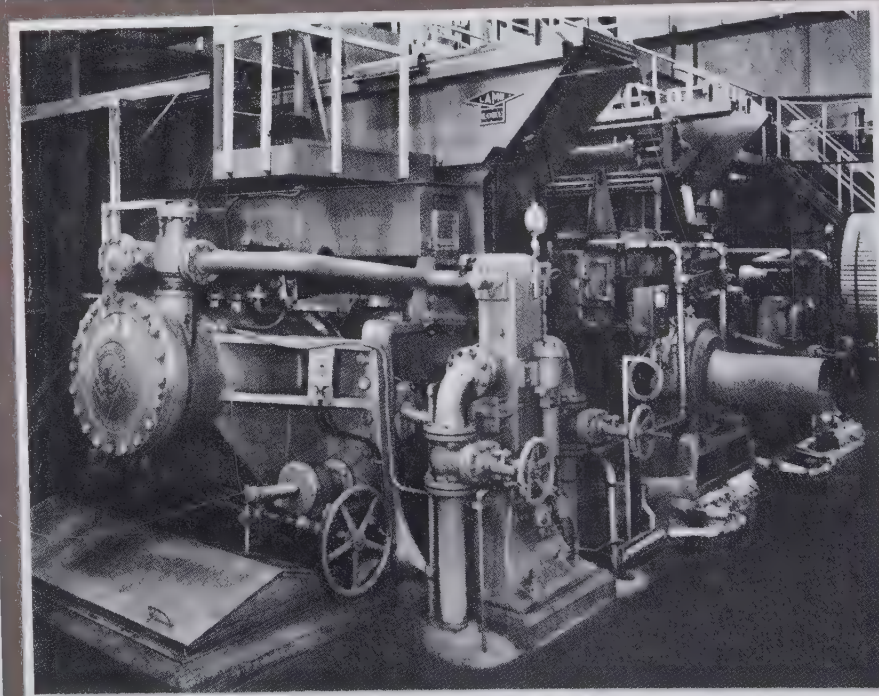
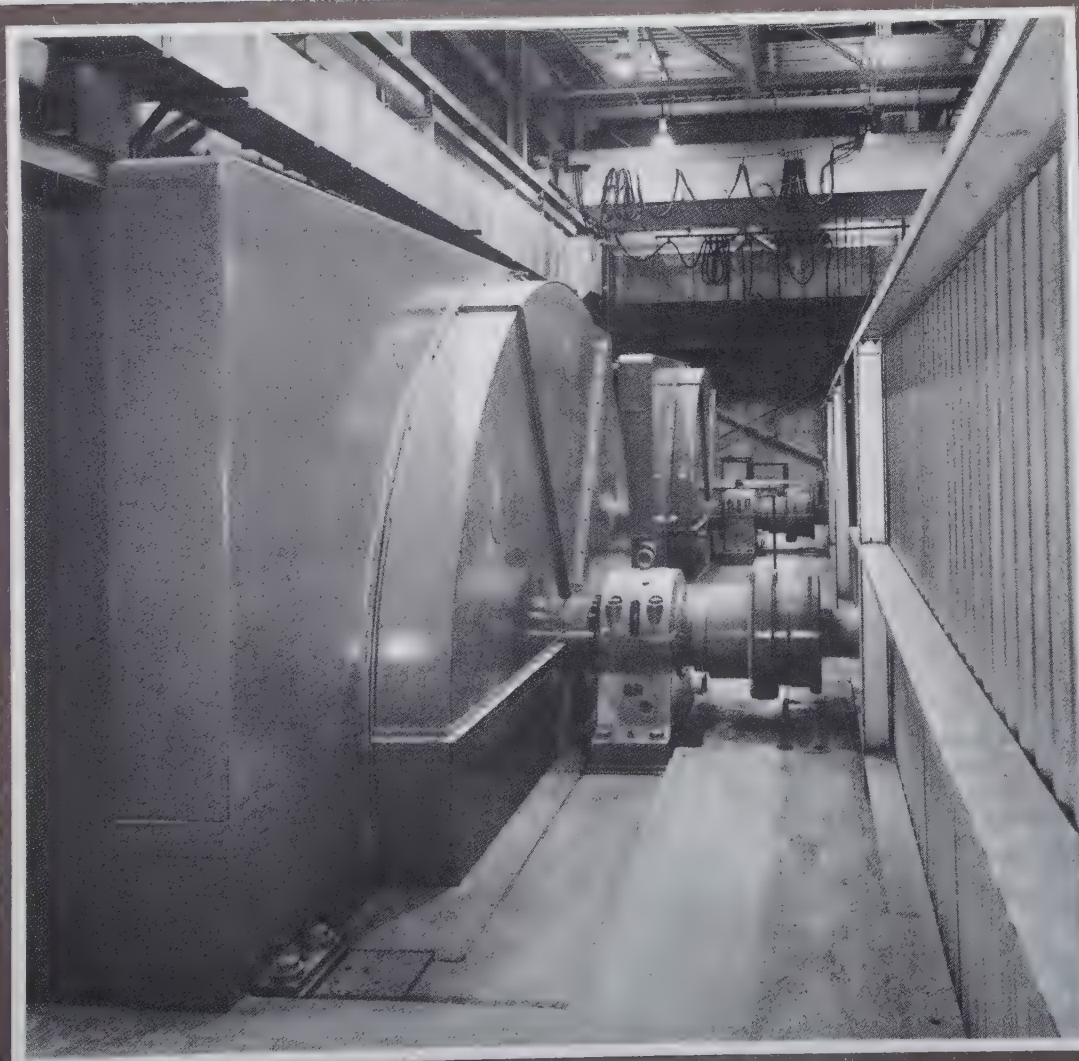
The new bleaching process installed in the groundwood mill system adds yet another quality dimension to Fraser’s lightweight groundwood content printing papers.

The new automated groundwood mill is producing pulp of improved quality characteristics and uniformity at lower costs.





*"Kone" automatic grinder loading system is one of the first to be installed in North America*



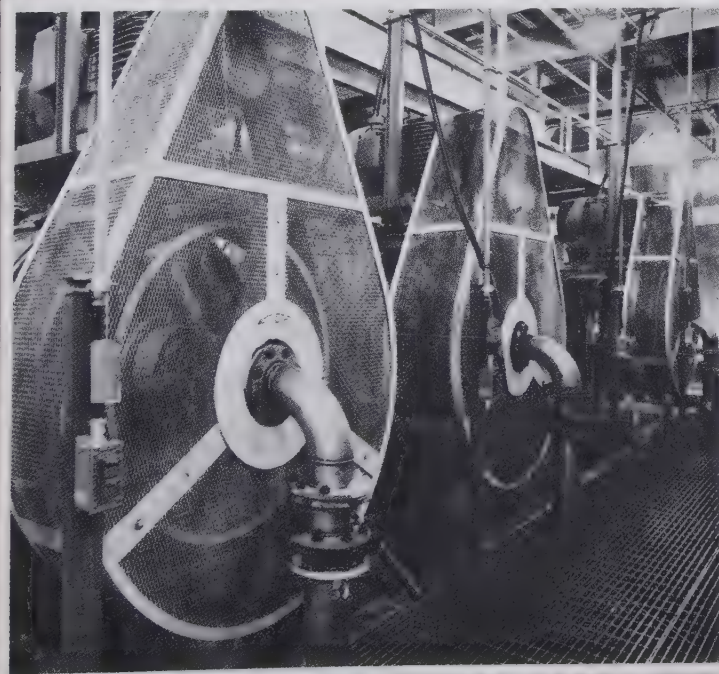
*Koehring-Waterous grinders*

*New mammoth 11,000-H.P. grinder motors*

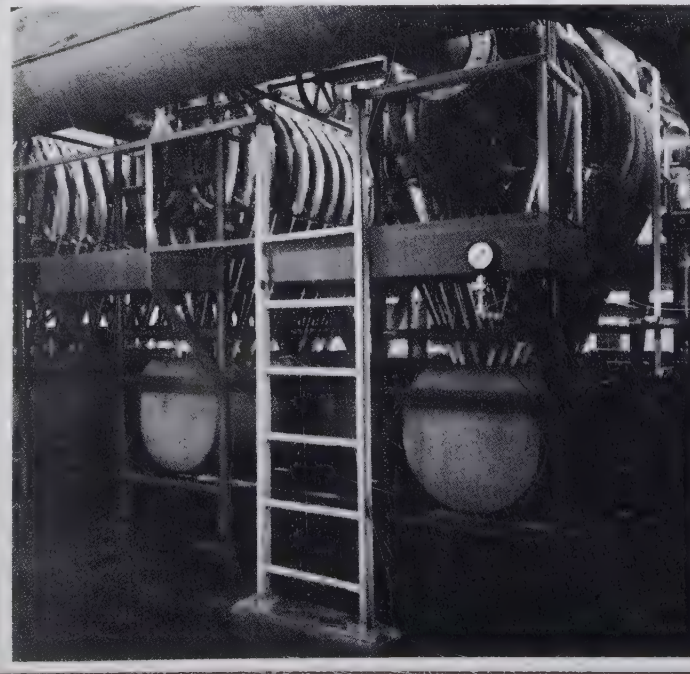




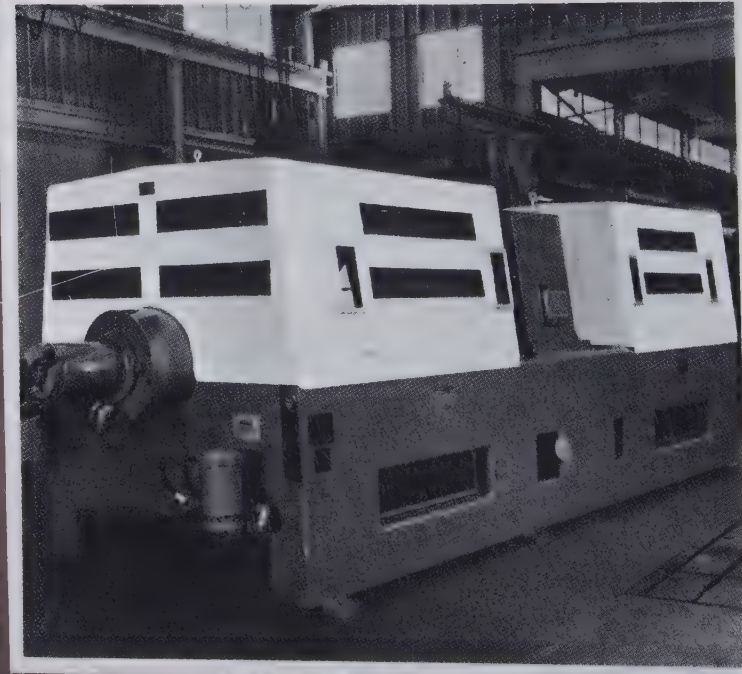
*The new groundwood pulp mill*



*New three-stage groundwood  
pulp screening system*



*New multi-stage centrifugal  
groundwood pulp cleaning system*



*Large power disc reliner processes  
rejects from screening system*



## New No. 8 Machine





■ This modern machine is specifically designed to manufacture lightweight groundwood content paper grades with particular emphasis on features which will produce a quality product with high production efficiency.

It will be partially operated and controlled by a process computer that has a proven record of reliability. As experience is gained in operating the machine, the degree of control sophistication exercised by the computer will be increased and enlarged.

The stock preparation system is a modern continuous supply system in which the various pulps and additives are proportioned, blended and metered to the paper machine by automatic computer monitor and control. It is in this system that the computer in conjunction with automatic control equipment performs a most valuable function by eliminating many variables experienced in conventional paper making systems. Included in this stock preparation system are “wet end” and “dry end” broke pulpers, and a primary, secondary and tertiary battery of efficient, centrifugal stock cleaners.

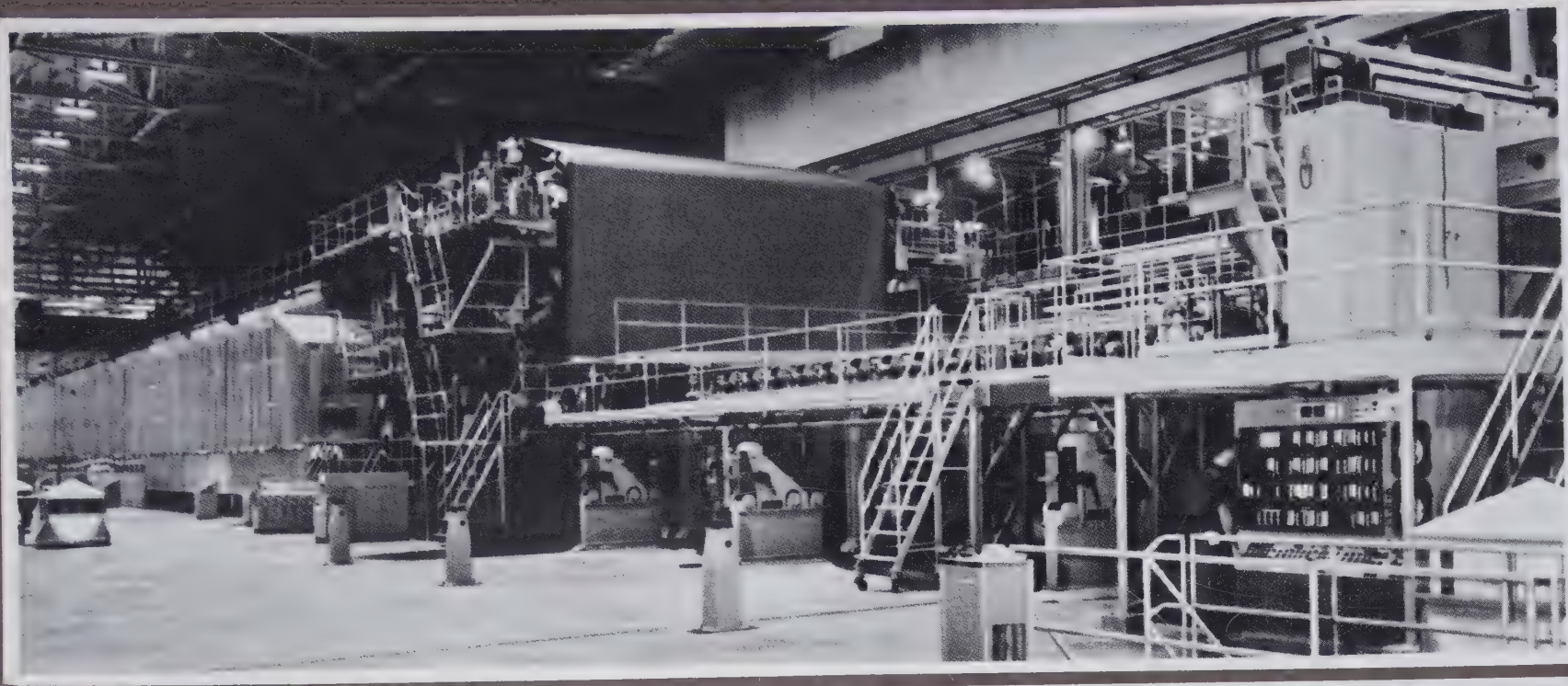
The “wet end” of No. 8 paper machine—the critical area where the sheet is initially formed and where it must get off to the right start—has been given meticulous attention in its design and construction. Fraser has for many years worked toward providing its papermakers with a more efficient method of introducing the paper making slurry to the forming device. Thus, the approach flow system which includes pumping,

screening, cleaning and deaerating equipment was designed to provide the ultimate in hydraulic stability. An unusual feature of this system is the “Perivac”—a large tower ingeniously designed to remove air from the stock slurry prior to the machine headbox. The efficient removal of air is most important to provide flow stability, increased drainage in the forming zone and improved paper formation characteristics.

Other features of the “wet end” which are most significant in the production of a quality product with high production efficiency are: an air-cushioned, pressurized headbox of advanced design to deliver a uniform stock dispersion to the Fourdrinier drainage wire; and a combination of arc foils, grooved table rolls and an automatic, graduated vacuum box system which will allow our papermakers to closely control the water drainage rate and thus produce paper with practically identical top and bottom surfaces.

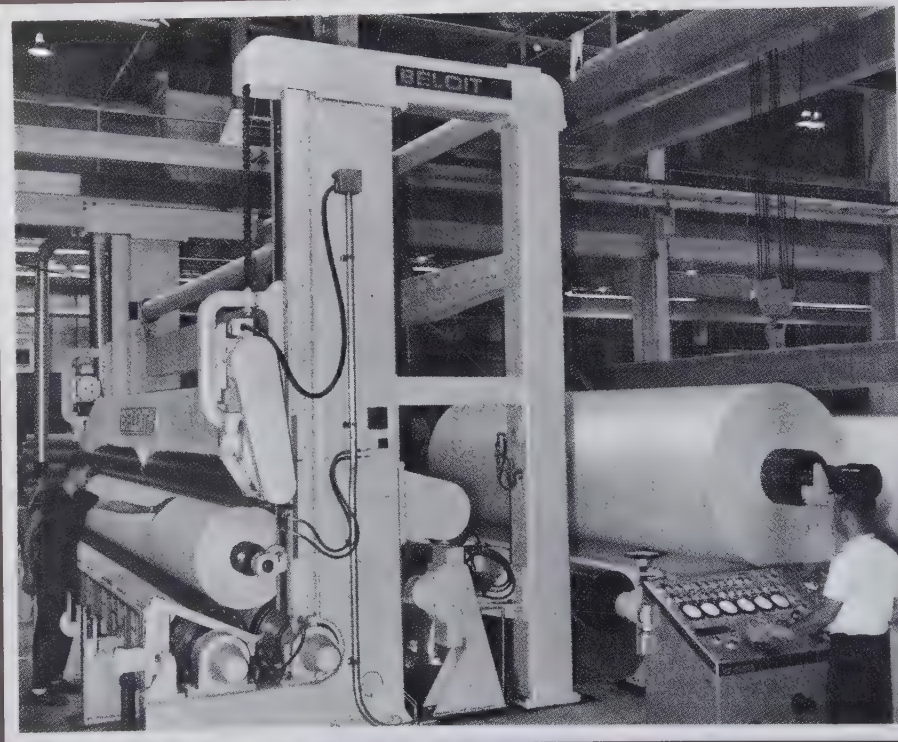
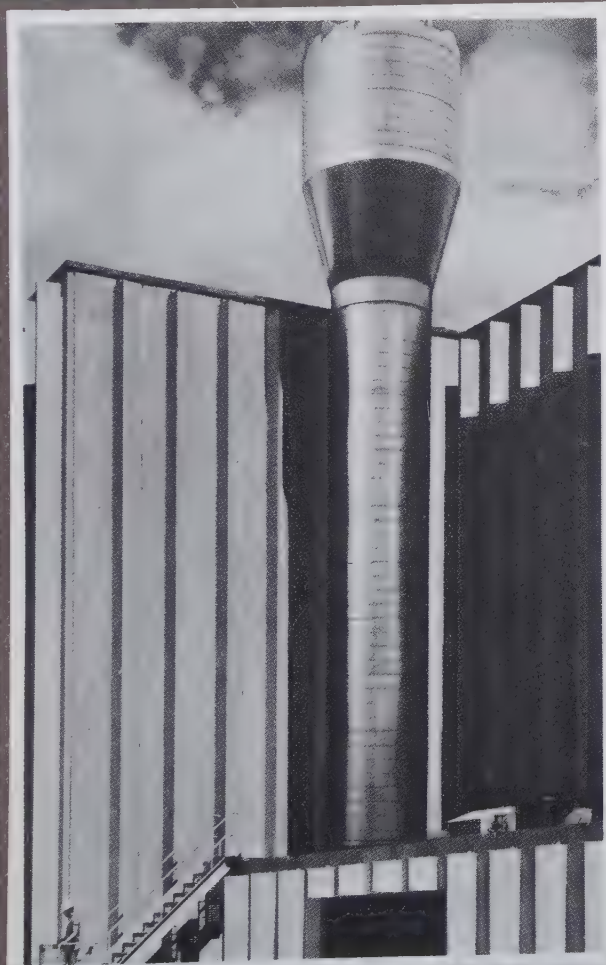
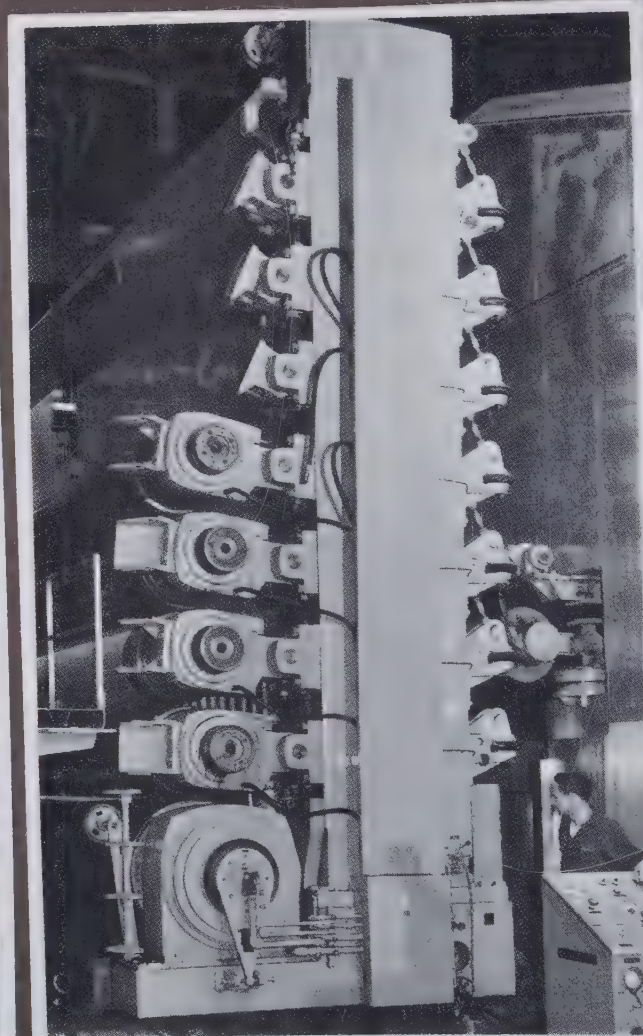
A most critical part of a paper machine, particularly one that is manufacturing lightweight paper, is the “press” section where water is removed most economically by high pressure pressing. This section of No. 8 paper machine has been specially designed at extra cost to help guarantee the desired vital quality and uniformity characteristics of the end product. These results will be obtained to a large degree by the use of controlled crown press rolls and specially designed grooved press rolls which most effectively provide absolute, full width nip pressure uniformity allowing both air and water to be effectively removed.





*New No. 8 paper machine*

*No. 8's new unique Versa-Nip calender*



*Two-drum shaftless winder*

*The "Perivac" tower—an important new feature of No. 8's stock supply system*



Following the press section are the “energy” or dryer sections. This massive part of the machine consists of 31, 60-inch diameter, paper dryers that are installed with alignment specifications that do not exceed  $\pm 0.001$  inches. Particular design attention was given to the dryer drainage system and control installed on No. 8 machine. This system in conjunction with a new pocket ventilating system will allow the operator (with the computer) to produce paper with a uniform desired moisture content—a most important characteristic of high quality papers. Located at a strategic point in the dryer section is a “breaker” calender stack—another important feature of the machine which imparts a degree of smoothness, non-two-sidedness and caliper uniformity to the paper that is not obtainable, from an overall quality standpoint, by other means.

The calender or surface finishing section of the new machine consists of the remarkable Versa-Nip calender. This new calender design which has been thoroughly tested and proven in the manufacture of fine papers was selected for No. 8 to provide Fraser papermakers with the maximum of control and flexibility in this important phase of paper manufacture. The use of multiple, alternating, controlled crown calender rolls in combination with nip relieving is the basis of design of this unit. It will permit operators to independently control nip pressure, roll surface temperature and number of roll nips. To produce lightweight papers with exceptional uniformity of caliper, bulk and surface smoothness were the key considerations on which the increased capital expenditure for this section of No. 8 machine was based.

The final winding of the paper web into shipping rolls—a critical operation on any paper machine—will be accomplished with a two-drum shaftless winder of advanced design. Features of this winder are: an automatic tapered tension control system; a programmed rider roll, loading control; specially grooved paper-carrying rolls and winder drums; and a slitting mechanism of improved design. This winding equipment is essential for the production of quality rolls with good shipping and pressroom runnability characteristics.

During the design, engineering and construction of No. 8, it has been firmly established that it is imperative that the paper grades manufactured on No. 8 paper machine be of leadership quality characteristics and that they be produced with a high degree of efficiency and economy.

To meet these requirements it was obvious that the machine must be constructed with the proper integration of a number of individual features that represented proven developments and advancements in machine design and technology. To accomplish this task, strong recognition was given to the fact that this could not be done without a good and highly motivated organization utilizing experienced and specialized people working with one of the world's finest paper machinery designers and manufacturers.

We can expect to see No. 8 paper machine in operation during the early part of 1971.



## Modernization Program



## **Paper Machine Rebuilds**

■ Our planned paper machine rebuild and modernization program is practically completed. Advantage was taken of the slowdown in the economy to enlarge this program and include items requiring additional machine downtime.

Higher production efficiencies and improved paper quality are being realized from this modernization program costing in excess of \$7,000,000. The following is a summary of the major paper machine rebuild projects that have been completed and are now in operation.

### **No. 1 Machine (Bond)**

New controlled crown roll calender stack, new dryer steam supply and drainage system  
Conversion of second suction press to Venta-Nip press  
Redesign and replacement of headbox approach flow piping

### **No. 2 Machine (Bond)**

New pressure headbox  
Rebuild of winder tension control  
New dryer steam supply and drainage system  
Conversion of second reverse press to inline press  
Redesign and replacement of headbox approach flow piping  
New pressurized dryer bearing lubrication system

### **No. 3 Machine (Bond)**

New pressure headbox  
New Fourdrinier components (foils, dandy roll and drive, forming board)  
Conversion of second suction press to Venta-Nip press  
Installation of additional dryers  
New pneumatic dryer felt guide system  
Rebuild of centrifugal cleaner stock flow system  
New couch vacuum system  
New inclined size press

New controlled crown roll calender stack  
New pressurized dryer bearing lubrication system  
New void detector

### **No. 4 Machine (Bond)**

Rebuild of winder tension system  
New Fourdrinier components  
New void detector

### **No. 5 Machine (Groundwood)**

New pressure headbox  
New Fourdrinier components (foils, ground table rolls, forming board)  
New screen reject centrifugal cleaners  
New Venta-Nip press  
Rebuild of calender stack  
New dryer drainage system  
New calender cooling system  
New pocket ventilating roll system  
New single drum rewinder

### **No. 6 Machine (Groundwood)**

New Venta-Nip press  
New Fourdrinier foils  
Rebuild of machine drive system  
Rebuild of dryer steam supply and drainage system  
New stock refiner

### **No. 7 Machine (Bond)**

New Fourdrinier components  
New Venta-Nip press  
Rebuild of dryer steam supply and drainage system  
New additional centrifugal stock cleaners  
New void detector  
Rebuild of "dry end" broke pulper



### **New Continuous Stock Preparation and Broke Handling Systems**

■ A key factor in the efficient operation of a paper machine that produces a quality product is a modern continuous stock preparation system. This is most essential to eliminate, reduce and control many variables that are inherent in older "batch" systems.

In mid-December, we completed the final installation of this type of system on all of our existing seven paper machines. These systems provide a modern means of accurately metering, proportioning and blending the pulps and other additives required to produce the desired paper grades. Included in these systems is the installation of continuous broke repulping equipment for each individual paper machine. This equipment provides a means for the efficient recycling of broke with a significant reduction of labour costs.

It is in this type of system that the computer can function in a dependable and more sophisticated manner than is otherwise possible. Many variables that are not under automatic control at designated tolerances will be monitored and recorded to provide a good basis for future improvements in operation and the establishment of new automatic control points. Data from these new systems are essential for more meaningful and accurate cost control reports.

### **New Computerized Paper Machine Control Systems**

■ Computerized control of paper machines was high on the list of priorities in developing our modernization program. After a rather long period of development in which the com-

puter has had varying degrees of success, we at Fraser, based on past experiences and current investigations, concluded that its use would be mandatory in our paper machine modernization program.

Two computer systems have been ordered for the control of four of our paper machines. These are time-shared computer systems that will each serve two paper machines, one of the machines being new No. 8.

The systems include sensors for measurement and control of a number of process variables including basis weight and moisture. Each paper machine is provided with an efficient communication centre at the "dry end" consisting of an operator's console, digital and graphic displays and informative typewritten data logs. An additional communications centre is located at the "wet end" of the paper machines for use by the machine tender.

The advanced technology provided by these systems will result in improved paper machine efficiency through—a minimum of raw material usage, decreased grade change time, decreased paper breaks, a reduction in "off" quality paper, optimum machine speeds and optimum basis weight and moisture control. Quality and uniformity will be improved through—computer alarming of abnormal machine conditions, a reduction in specification tolerances and a continuous display of cross machine quality characteristics for use by operating personnel.

The delivery of one system is scheduled to coincide with the start-up of No. 8 paper machine. This system will control No. 7 and No. 8 machines. The second computer system is scheduled to be operational in the second quarter of 1971.



### **New Automated Roll Wrapping and Labelling System**

■ A new automated roll wrapping and labelling system has been placed into operation in the “bond” mill at Madawaska. This new system at present is servicing the five “fine” paper machines at this plant and is designed to also handle the production of new No. 8 machine.

In this system, the shipping rolls from the paper machine winders are transported to the roll wrapping unit by a new conveyor system. Here the rolls are automatically wrapped, end banded, glued, headed and weighed. The roll weight is electronically transmitted to a small system computer which activates an automatic label printing device and the equipment for preparing key-punched tabulating cards containing individual roll data. One of these cards is attached to the wrapped roll for use by customers.

After the roll labels are affixed to the roll by an operator, the roll is transported by a conveyor system to inventory or to the shipping docks.

This system has resulted in improved and more uniform roll wrapping with a reduction in roll handling and preparation costs.

### **Boiler Conversions and Feedwater Plants**

■ In January 1971, we completed the conversion of eight steam generating boilers from coal to oil. These conversions resulted in a 40% increase in generating capacity at Edmundston and more than a 20% increase at Madawaska. This increased capacity is sufficient to supply the additional steam requirements of No. 8 machine and its supporting facilities.

A companion project of the boiler conversions is the construction of three boiler feedwater treatment plants at Edmundston, Atholville and Madawaska. These plants are re-

quired to maintain optimum boiler efficiencies with a minimum of downtime for tube maintenance and failures. All three plants will be in operation by mid-1971.

### **New Screening and Pulp Cleaning System**

■ Cleanliness of paper is a most important characteristic in today's business world—particularly those grades which are printed for use by OCR (optical character recognition) equipment. To significantly improve the cleanliness characteristics of our “fine” paper grades and enhance our competitive market position, a new screening and centrifugal pulp cleaning system was designed and installed in our Edmundston pulp mill. Phase I of this installation (screening and centrifugal cleaning) was placed into operation in July 1970 and Phase II (reject refining and centrifugal cleaning) was completed in November 1970.

This system, costing in excess of \$800,000, is of the latest design incorporating new technical developments. Immediately upon being placed into operation, it produced a significant improvement in paper cleanliness characteristics.

### **Increased Production of Coated Groundwood Content Paper Grades**

■ The start-up of No. 8 machine will result in an immediate increase in coated groundwood content paper grades by permitting No. 5 and No. 6 paper machines to manufacture an increased quantity of coating base stock. No. 5 and No. 6 machines have been engaged in manufacturing both coating base stock and lightweight uncoated groundwood paper grades, with sales opportunities exceeding the production capacities of both these grade categories. As a result of this sales and production situation, the present off machine groundwood coater and supercalender have been operating



at approximately 65% of their combined maximum capacity.

A further increase in coated paper production capacity can be realized by installing a second supercalender and finishing roll winder. This additional equipment will be required to process the maximum production capacity of the existing off machine groundwood coater. Engineering and partial installation (foundations, base plates, etc.) have been completed. This will allow the installation of additional equipment to be made, in minimum time, when additional capacity is required.

To summarize, there will be a 50% production capacity increase over present limitations upon the start-up of No. 8 machine. This capacity can be further increased by approximately 50% by installing an additional supercalender and finishing winder.

#### **New Planer Mill and Dry Kiln**

■ The new sawmill and chip plant at Kedgwick, which replaced the older mill that was completely destroyed by fire on November 20, 1969, began operation on March 14, 1970. Although the old planer mill was not destroyed by fire, it was considered obsolete and a new planer mill with greater production capacity was constructed and placed into operation in August 1970.

A new dry kiln, similar to the one at our Plaster Rock sawmill, has also been constructed at the Kedgwick mill and initial shipments of kiln dry lumber were made in November 1970.

Practically all lumber now being marketed is kiln dried with excellent uniform moisture characteristics. Operation of the dry kilns has resulted in a marked reduction in lumber inventory and reduced transportation costs. It has also been largely responsible for an order backlog throughout the year, during which a depressed market existed.

#### **New Debarking System—Atholville Pulp Mill**

■ To process salvaged (sunken) wood from the Restigouche River, the result of many years of river driving, a new Cambio debarking system has been installed and placed into operation at our Atholville pulp mill. This system will operate only during those months when salvage operations are in process or when it is advantageous to use locally purchased wood.

#### **The Environment**

■ A principle concern of management is the recognized task of taking positive, specific steps to improve our environment and prevent its further misuse or degradation. As a business enterprise in the paper industry we have completely accepted our share of the responsibility for pollution abatement and for achieving a satisfactory system of environmental protection and control. During 1970, important strides and accomplishments were made.

River driving has ceased at both our Edmundston and Atholville pulp mills and the recovery of sunken wood from past drives is now a well-established procedure.

In 1970, we completed the conversion of the steam generating plants, located at Edmundston and Madawaska, from coal to oil firing. Significant reduction of air pollution from these sources is evident.

With the aid of a foremost environmental and biological consulting organization, management is developing a completely integrated program of pollution abatement and environmental control. A detailed investigation has resulted in complete plans and engineering estimates for effluent treatment at our Edmundston-Madawaska production facilities. Implementation of these plans is now well underway.



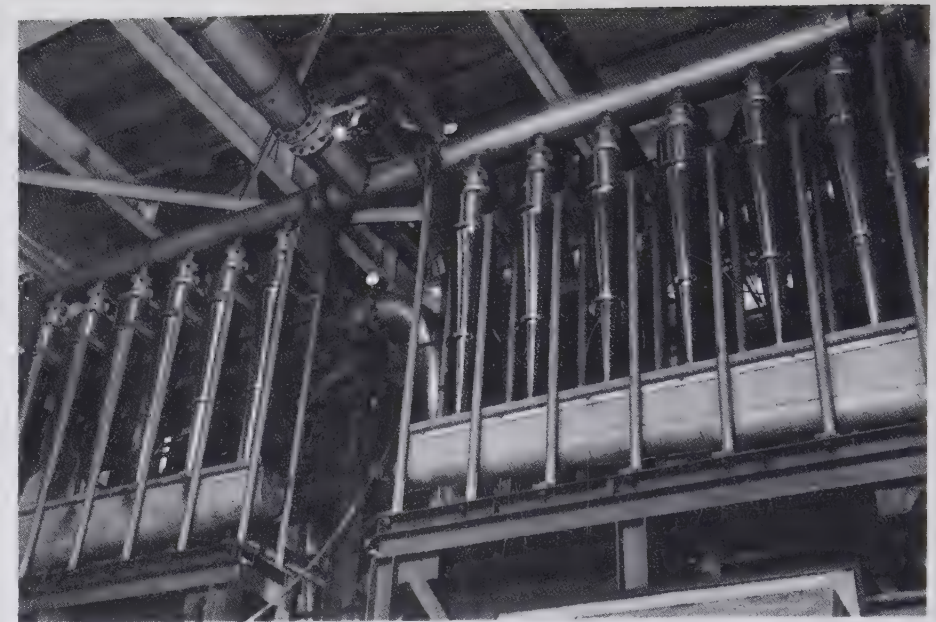
During the latter part of 1970, a new multi-stage system for removing solids from the barking process water, in the wood-room prior to its discharge into the river, has been placed into operation. New individual process water, solids recovery systems have been installed on our No. 1, No. 2 and No. 3 paper machines. All paper machines, including new No. 8, now have modern efficient process water, solids recovery systems and we see a marked reduction of suspended solids discharged into the St. John River.

We have embarked on a program for a two-stage system to treat liquid effluents from the Edmundston pulp mill. Primary treatment will involve removal of suspended solids in a 150-foot diameter clarifier on the existing mill site. The second step will take place in a large biological oxidation and aeration pond, located on recently purchased property, remote from the mill site. Construction of this system has already begun and completion is planned for late this year. When in operation, this effluent treatment system will affect a substantial reduction of polluting waste to the Madawaska and St. John Rivers. This system, upon conversion of our existing chemical pulping process to include chemical recovery, will permit us to meet the water-quality standards established by governmental authorities in a most satisfactory manner.

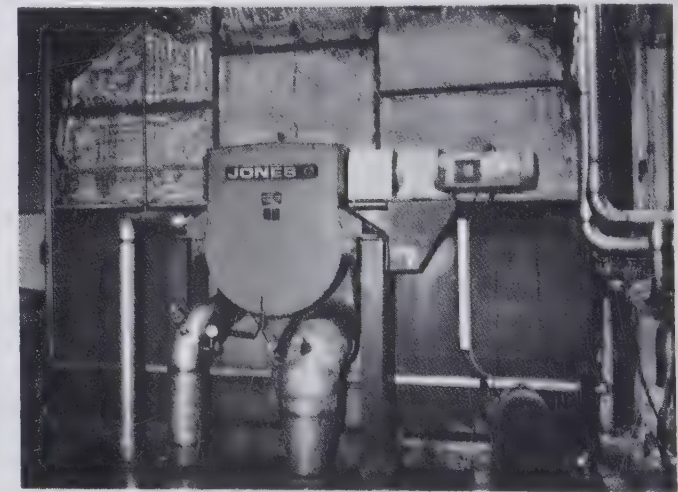
It can be readily appreciated, when dealing with pollution problems of older plants, that too rapid capital outlays could seriously impair their competitive positions thereby losing economic justification for continued operation. Time and the nature of the economy are most important factors in establishing practical plans and schedules to achieve the desired levels of pollution abatement and control.

Management, as caretakers of natural resources, is deeply concerned with the present and future problems of the environment and is most aware of the responsibilities inherent in the use of these resources.

*The centrifugal stage  
for removing waste  
solids from the  
barking process water*



*One of three  
new paper machine  
process water  
recovery systems*



*Dr. W. H. Rapson, Chairman of the Technical Section of the C.P.P.A., awarding the  
I. H. Weldon Gold Medal (see Directors' Report) to K. Patrick, J. L. Betts and D. E. Routledge*



**Fraser Companies,  
Limited  
and Subsidiaries**

**Consolidated  
Financial Statements**

**CONSOLIDATED STATEMENTS OF INCOME**

	Year Ended	
	January 2 1971	January 3 1970
Net sales— <i>Note 2</i>	\$73,730,000	\$91,327,000
Cost of sales	63,704,000	74,373,000
Depreciation and depletion	3,755,000	5,798,000
Selling, general and administrative expense	5,673,000	4,936,000
	<u>73,132,000</u>	<u>85,107,000</u>
	598,000	6,220,000
Other income (expense):		
Stumpage revenue	131,000	149,000
Interest income	3,434,000	390,000
Pre-production and start-up expense	(155,000)	—
Interest on long-term debt	(661,000)	(714,000)
Miscellaneous—net	78,000	351,000
	<u>2,827,000</u>	<u>176,000</u>
Income before taxes	3,425,000	6,396,000
Provision for taxes on income— <i>Note 3</i>	811,000	1,993,000
Net income from operations	<u>2,614,000</u>	<u>4,403,000</u>
Extraordinary items— <i>Note 4</i>	6,807,000	1,933,000
Net results for the year	<u>\$ 9,421,000</u>	<u>\$ 6,336,000</u>
Earnings per common share:		
Net income from operations	\$1.12	\$1.90
Extraordinary items	2.92	.83
Total	<u>\$4.04</u>	<u>\$2.73</u>

**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**

Balance at beginning of year	\$60,525,000	\$55,693,000
Net results for the year	<u>9,421,000</u>	<u>6,336,000</u>
	69,946,000	62,029,000
Dividends	<u>2,092,000</u>	<u>1,504,000</u>
Balance at end of year	<u>\$67,854,000</u>	<u>\$60,525,000</u>



# Consolidated Balance Sheets

## ASSETS

### CURRENT:

Cash	\$ 4,953,000	\$ 7,836,000
Short term investments (cost and market value)	10,000,000	—
Accounts receivable	6,599,000	9,006,000
Inventories— <i>Note 6</i>	11,741,000	14,914,000
Prepaid insurance	186,000	201,000
	<u>33,479,000</u>	<u>31,957,000</u>

DUE UNDER THE STOCK PURCHASE PLAN— <i>Note 7</i>	1,038,000	1,100,000
--	-----------	-----------

### INVESTMENTS AT COST:

Unconsolidated subsidiary company— <i>Note 1</i>	—	649,000
Other	172,000	164,000
	<u>172,000</u>	<u>813,000</u>

### FIXED:

Plants and properties, freehold and leasehold timber limits—at cost	158,804,000	178,058,000
--	-------------	-------------

### Less:

Accumulated depreciation	\$81,123,000	
Accumulated depletion	<u>10,368,000</u>	
	<u>91,491,000</u>	<u>114,497,000</u>
	<u>67,313,000</u>	<u>63,561,000</u>
	<u>\$102,002,000</u>	<u>\$ 97,431,000</u>

January 2  
1971

January 3  
1970

\$ 4,953,000

\$ 7,836,000

10,000,000

—

6,599,000

9,006,000

11,741,000

14,914,000

186,000

201,000

33,479,000

31,957,000

1,038,000

1,100,000

—

649,000

172,000

164,000

172,000

813,000

158,804,000

178,058,000

91,491,000

114,497,000

67,313,000

63,561,000

\$102,002,000

\$ 97,431,000



**LIABILITIES****CURRENT:**

Accounts payable and accruals

\$ 6,620,000

\$ 7,724,000

Bonds due within one year (U.S. \$750,000)

757,000

810,000

Taxes on income

935,000237,000

8,312,000

8,771,000

**FIRST MORTGAGE AND****COLLATERAL TRUST BONDS:**

5½ % Series due 1972/ 1987 (U.S. \$12,000,000)

12,959,000

13,769,000

**DEFERRED TAXES ON INCOME**

7,131,000

8,859,000

**SHAREHOLDERS' EQUITY**

Common shares without nominal or par value

Authorized—3,000,000 shares

Issued—2,331,802 shares—*Note 7*

5,746,000

5,507,000

Retained earnings

67,854,00060,525,00073,600,00066,032,000\$102,002,000\$97,431,000

On behalf of the Board:

H. ROY CRABTREE, *Director*J. H. HEUER, *Director*



## Consolidated Statements of Source and Application of Funds

### Auditors' Report

The Shareholders,  
Fraser Companies, Limited.

We have examined the consolidated balance sheet of Fraser Companies, Limited, and subsidiaries as at January 2, 1971 and the consolidated statements of income, retained earnings and source and application of funds for the fiscal year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the company and subsidiaries as at January 2, 1971 and the results of their operations and the source and application of funds for the fiscal year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year.

Touche Ross & Co.  
Chartered Accountants.

Montreal, Que.  
February 8, 1971.

### SOURCE

#### Operations

Net income from operations	\$ 2,614,000	\$ 4,403,000
Depreciation and depletion	3,755,000	5,798,000
Deferred taxes on income	269,000	1,868,000
Cash flow from operations	6,638,000	12,069,000
Received from the stock purchase plan	301,000	209,000
Sale of Newcastle Mill and Woods Division	36,453,000	—
Sale of investments—		
Boiestown Lumber Limited	649,000	(649,000)
Rothesay Paper Corporation	—	4,545,000
Fire loss recoveries	154,000	—

January 2  
1971

January 3  
1970

\$ 2,614,000  
3,755,000  
269,000  
6,638,000  
301,000  
36,453,000  
  
649,000  
—  
154,000  
\$44,195,000

\$ 4,403,000  
5,798,000  
1,868,000  
12,069,000  
209,000  
—  
  
(649,000)  
4,545,000  
—  
\$16,174,000

### APPLICATION

Net additions and improvements to plants and properties	\$39,304,000	\$10,570,000
Bonds redeemed	810,000	810,000
Dividends	2,092,000	1,504,000
Other investments increased (decreased)	8,000	(20,000)

\$39,304,000  
810,000  
2,092,000  
8,000

\$10,570,000  
810,000  
1,504,000  
(20,000)

#### Working capital increased

42,214,000  
1,981,000  
\$44,195,000

12,864,000  
3,310,000  
\$16,174,000

Year Ended



# Notes to Consolidated Financial Statements

## 1. Basis of Consolidation

In consolidating the financial statements of Fraser Paper, Limited, which operated in the United States, U.S. dollars are expressed as an equal number of Canadian dollars.

All of the outstanding capital stock of Boiestown Lumber Limited was acquired on July 31, 1969 and sold at cost on January 22, 1970. Its assets and liabilities and the results of its operations during the period of ownership have not been consolidated in these financial statements.

## 2. Newcastle Mill and Woods Division

On January 22, 1970 the company sold all of the fixed assets and inventories of the Newcastle Mill and Woods Division. The results of the operations of the Newcastle Division have been included in the statements of income for eighteen days in 1970.

## 3. Provision for Taxes on Income

For the year ended January 2, 1971 Fraser Paper, Limited incurred a loss for U.S. income tax purposes. Recognizing the tax recovery to be realized in future years resulting from the application of the loss carry-forward benefit, the provision for taxes on income for the year has been reduced by \$453,000. After adjustment for this credit, non-taxable income and other allowable reductions, the net provision for taxes on income is \$811,000 resulting in an effective tax rate of approximately 24% as compared with 31% the previous year.

## 4. Extraordinary Items

	Year Ended	
	January 2 1971	January 3 1970
Newcastle Mill and Woods Division:		
Gain on sale	\$4,656,000	\$ —
Provision for deferred taxes on income no longer required	1,997,000	—
	<u>6,653,000</u>	<u>—</u>
Fire loss recoveries	154,000	—
Gain on sale of investment in Rothsay Paper Corporation	—	1,933,000
	<u>\$6,807,000</u>	<u>\$1,933,000</u>

## 5. Remuneration of Directors and Senior Officers

Included in the charges against income is the total remuneration of 14 directors—\$30,800 and 14 officers—\$497,000 (15 directors—\$29,200 and 12 officers—\$388,000 in the year ended January 3, 1970). Three officers are also directors.

## 6. Inventories

Inventories are valued at cost or net realizable value, whichever is lower and consist of:

	January 2 1971	January 3 1970
Pulpwood and logs, including advances	\$ 5,282,000	\$ 7,880,000
Raw materials and supplies	3,632,000	4,543,000
Goods in process and finished products	<u>2,827,000</u>	<u>2,491,000</u>
	<u>\$11,741,000</u>	<u>\$14,914,000</u>

## 7. Stock Purchase Plan

Pursuant to the provisions of the stock purchase plan, 10,850 common shares of the company were issued during the year for the account of certain employees for a total consideration of \$238,000 (1969—20,750 shares for \$452,000). Payment for these shares is to be made by the said employees in annual instalments of not less than 10% of the aggregate purchase price. At January 2, 1971 the Trustee held 70,100 common shares as collateral for the unpaid balance remaining at that date.

## 8. Expropriation

During 1969 the Province of Quebec expropriated the company's properties situated in that Province. It is the opinion of management that the offer of \$5,530,000 as contained in Orders-in-Council numbers 793 and 794 of the Province of Quebec is not sufficient compensation for the value of these properties. At the end of the year, negotiations to determine the final amount are continuing; as a result the effect of this expropriation has not been reflected in the books of account other than to record a partial payment received. As these timber limits, freehold lands and improvements have been held by the company since its inception, a substantial net gain will be realized when the transaction is finalized.

## 9. Commitments

Commitments for the purchase and installation of machinery, equipment and construction materials for additions and improvements to plants and properties amounted to approximately \$8,538,000 at January 2, 1971.



## Ten Year Comparison

FOR THE YEAR	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961
QUANTITIES SOLD										
Paper	221,278	241,734	212,306	203,243	215,313	202,956	185,928	180,098	177,031	160,370
Paperboard	27,505	27,998	24,053	24,407	24,369	22,298	21,158	20,437	19,451	18,606
Pulp	88,387	211,058	180,463	128,731	120,831	102,276	143,523	121,598	88,407	89,936
Lumber—M.f.b.m.	39,016	33,033	20,616	27,435	26,781	30,337	31,343	32,733	29,519	31,089
(THOUSANDS OF DOLLARS)										
Net sales	\$ 73,730	\$ 91,327	\$ 76,568	\$ 70,681	\$ 72,412	\$ 66,586	\$ 64,844	\$ 61,862	\$ 59,304	\$ 55,605
Depreciation and depletion	3,755	5,798	5,854	5,462	6,555	4,992	4,893	4,887	4,757	3,981
Taxes on income	811	1,993	322	—	1,642	3,499	4,003	3,571	3,925	3,311
Net income from operations	2,614	4,403	1,161	127	3,680	5,811	5,238	4,202	4,252	3,430
Extraordinary items (net)	6,807	1,933	—	579	—	—	—	3,000	—	—
Net results for the year	9,421	6,336	1,161	706	3,680	5,811	5,238	7,202	4,252	3,430
Net additions to plants and properties	39,304	10,570	2,573	4,128	19,905	22,017	8,276	5,562	3,802	2,444
Bond debt at end of year	13,716	14,579	15,389	16,199	16,199	16,549	700	1,050	1,400	1,750
PER COMMON SHARE										
Net income from operations	1.12	1.90	0.50	0.06	1.65	2.61	2.35	1.89	1.91	1.54
Extraordinary items (net)	2.92	0.83	—	0.26	—	—	—	1.34	—	—
Net results for the year	4.04	2.73	0.50	0.32	1.65	2.61	2.35	3.23	1.91	1.54
Taxes on income	0.35	0.86	0.14	—	0.74	1.57	1.80	1.60	1.76	1.49
Dividends	0.90	0.65	0.10	0.60	1.40	1.40	1.40	1.40	1.40	1.20
Common shareholders' equity	31.56	28.45	26.41	26.44	26.73	26.47	25.26	24.31	22.47	21.98
Common shares outstanding at end of year	2,331,802	2,320,952	2,300,202	2,226,102	2,226,102	2,226,102	2,226,102	2,226,102	2,226,102	2,226,102

Note: Data applicable to Newcastle Mill, sold on January 22, 1970, is included in 1969 and prior years.

### Stock Transfer Agent and Registrar

Montreal Trust Company  
Montreal, P.Q.  
Toronto, Ontario  
Vancouver, B.C.  
Saint John, N.B.

### Stock Listed

Montreal Stock Exchange  
Toronto Stock Exchange

### The Annual Meeting

of the shareholders of Fraser Companies, Limited will be held at the general office of the Company at Edmundston, N.B., on Thursday, the 22nd day of April, 1971, at the hour of ten o'clock in the forenoon, Atlantic Standard Time.



## *There's a Fraser Paper for Every Purpose*

### **Publications, Catalogs and Directories**

Groundwood Content Printing Grades  
(Rotogravure, Letterpress and Web Offset)

Publication Coated Papers  
(Rotogravure, Letterpress and Web Offset)

### **Business Forms**

Kopy Klear Opake/ Fra-O-Form  
Fanform for Multicopy  
Fanfold and Continuous Forms

### **Converting Processes**

**Coated Papers**—Gift Wraps, Chart Papers, Packaging, Bread Wraps  
and other specialties

**Uncoated Papers**—Food and Carton Wraps, Tablet, Envelopes, Gift Wraps, Stamp  
Paper, Laminating and many other specialties

### **Commercial Printing**

Snowland Bond, Mimeograph and Duplicator/ Acadia Offset, Acadia Opaque and  
Acadia Text/ Fra-Opaque/ Fra-O-Text/ Sno-Text

### **Sales Offices**

**Greenwich**—2 Greenwich Plaza, Greenwich, Conn. 06830  
203/661-3040

**Chicago**—111 W. Washington St., Chicago, Ill. 60602  
312/236-0012







*Edmundston, N.B.*

**NOTICE OF SPECIAL GENERAL AND  
ANNUAL GENERAL MEETINGS OF SHAREHOLDERS**

NOTICE IS HEREBY GIVEN that a Special General Meeting of shareholders of Fraser Companies, Limited will be held at the general office of the Company in Edmundston, New Brunswick, Canada, on Thursday, the 23rd day of April, 1970, at the hour of ten o'clock in the forenoon, Atlantic Standard Time, for the following purposes, that is to say:

To consider, and if deemed fit, to sanction and approve Special By-law HH of the By-laws of the Company, decreasing the number of Directors of the Company from fifteen (15) to fourteen (14).

AND NOTICE IS HEREBY FURTHER GIVEN that the said Meeting shall be constituted and continued as the Annual General Meeting of shareholders of the Company for the following purposes, that is to say:

To receive and consider the annual report of the directors, the financial statements of the Company and the auditors' report for the fiscal year ended January 3rd, 1970;

To elect directors for the ensuing year;

To appoint auditors and to fix or to authorize the Board of Directors to fix their remuneration; and

To transact such other business as may properly come before the said Meeting.

If you are unable to attend in person, will you please date, complete, sign and return the enclosed instrument of proxy in the envelope provided for that purpose.

By Order of the Board of Directors,

B. W. HICKS,  
*Secretary.*

March 18, 1970.



# INFORMATION CIRCULAR

(dated as of March 18, 1970)

This Information Circular is furnished in connection with the solicitation of proxies for use at the Special and Annual General Meetings of shareholders of Fraser Companies, Limited (hereinafter called "the Company") to be held at the general office of the Company, Edmundston, New Brunswick, Canada, on Thursday, April 23, 1970, and at any adjournment thereof. In the event that you are unable to attend the meetings personally, you are requested to date, complete and sign the accompanying instrument of proxy and to return the same to the Company in time for use at the meetings. An addressed envelope with postage prepaid accompanies this Information Circular and may be used for such purpose.

## Right of Revocation

A shareholder giving the instrument of proxy may withdraw the same by notice in writing to the Company at any time for all subsequent purposes for which the instrument of proxy shall have been given.

## Solicitation of Proxies

The enclosed instrument of proxy is solicited by the management of the Company. The management does not contemplate a solicitation of proxies otherwise than by use of the mails. The cost of solicitation will be borne by the Company.

## Voting Shares and Principal Holders Thereof

There are outstanding 2,322,152 Common Shares without nominal or par value (hereinafter called "Common Shares") of the capital stock of the Company. Each Common Share entitles the holder thereof to one (1) vote per share.

The holders of Common Shares will be entitled to vote at the meetings and at any adjournment thereof if present or represented by proxy thereat.

Wabasso Limited and Genstar Investment Limited are each holders of equity shares of the Company carrying more than 10% of the voting rights attached to all equity shares of the Company. Wabasso Limited holds 234,104 Common Shares and Genstar Investment Limited holds 302,305 Common Shares, representing 10.1% and 13% respectively of the outstanding Common Shares.

## Approval of Special By-Law HH

The purpose of Special By-law HH is to decrease the number of directors of the Company from fifteen (15) to fourteen (14). Special By-law HH was enacted by the Board of Directors of the Company on the 18th day of February, 1970, and is to be submitted to the Special General Meeting for sanction and approval by the shareholders.

## Election of Directors

The By-laws of the Company provide that the Board of Directors of the Company shall consist of fifteen (15) directors to be elected annually and, upon the sanction and approval of Special By-law HH, the Board of Directors shall consist of fourteen (14) directors to be elected annually. The term of office of each director so elected expires upon the election of his successor unless he shall resign or his office becomes vacant by death, removal or other cause.



The following persons are proposed to be nominated for election as directors of the Company:

<u>Nominees for Directors and Principal Occupation</u>	<u>Period of Service as Director</u>	<u>Approximate Number of Equity Shares of the Company Beneficially Owned, Directly and Indirectly</u>
E. R. Alexander, Vice-Chairman of the Board of Gaz Métropolitain Inc. (Natural Gas Company).	1960 to date	1,000 Common Shares
F. Philippe Brais, Q.C., Senior Partner of Brais, Campbell, Pepper, Durand, Riopel & Laffoley (Advocates, Barristers and Solicitors).	1946 to date	1,070 Common Shares
Ralph B. Brennan, Vice-President of the Company, Member of the Executive Committee of the Board of the Company; President and Managing Director of G. E. Barbour Co. Ltd. (Manufacturer and Distributor of Food Products).	1954 to date	9,500 Common Shares
Kenneth V. Cox, President of New Brunswick Telephone Co. Ltd. (Public Utility).	1969 to date	200 Common Shares
H. Roy Crabtree, <sup>(1)</sup> Chairman of the Board of the Company, Chairman of the Executive Committee of the Board of the Company, Trustee of the Stock Purchase Plan of the Company; Chairman and President of Wabasso Limited (Manufacturer of Textiles).	1956 to date	81,625 Common Shares
John E. L. Duquet, Q.C., Senior Partner of Duquet, MacKay, Weldon, Bronstetter, Willis & Johnston (Advocates, Barristers and Solicitors).	1963 to date	100 Common Shares
A. A. Franck, Member of the Executive Committee of the Board of the Company; President of Genstar Limited (Multi-Product Company, Manufacturers of Cement, Chemicals, Fertilizers; Construction, Building Materials, Towing and Barging, Import and Export of Industrial Products in Canada and in the United States, Investment in Paper Industry and Real Estate).	1966 to date	1 Common Share
David J. Hennigar, <sup>(2)</sup> Atlantic Regional Manager of Burns Bros. and Denton Limited (Investment Dealers).	1969 to date	100 Common Shares
J. H. Heuer, President and Chief Executive Officer of the Company, Member of the Executive Committee of the Board of the Company.	1968 to date	48,006 Common Shares
D. E. Kerlin, President of Kerlin Associates Ltd. (Consultants).	1963 to date	25 Common Shares
John A. Mulcahy, President of Quigley Company Inc. (Manufacturer of Refractories; Holder of Patented Processes for the Maintenance of Basic Oxygen Furnaces, Open-Hearth Furnaces and Electric Furnaces).	1969 to date	500 Common Shares
A. L. Penhale, Member of the Executive Committee of the Board of the Company, Trustee of the Stock Purchase Plan of the Company; Vice-Chairman of Asbestos Corporation Limited (Asbestos Fibres).	1960 to date	100 Common Shares
Frank H. Sobey, Member of the Executive Committee of the Board of the Company; Chairman of Sobey Stores Limited (Retailer of Food Products).	1963 to date	134,609 Common Shares
Edward C. Wood, Member of the Executive Committee of the Board of the Company, Trustee of the Stock Purchase Plan of the Company; Chairman of the Board of Genstar Limited (Multi-Product Company, Manufacturers of Cement, Chemicals, Fertilizers; Construction, Building Materials, Towing and Barging, Import and Export of Industrial Products in Canada and the United States, Investment in Paper Industry and Real Estate); President of Edwood Ltd. (General Consultants).	1967 to date	2,000 Common Shares

(1) Mr. Crabtree owns directly 400 Common Shares. Treeford Limited (which is controlled by Mr. Crabtree) owns 81,225 Common Shares. In addition, Mr. Crabtree's "associates", as that term is defined in The Securities Act, 1966, of Ontario, own 334,104 Common Shares, of which Wabasso Limited and The Harold Crabtree Foundation own 234,104 Common Shares and 100,000 Common Shares respectively.

(2) Mr. Hennigar has been Atlantic Regional Manager of Burns Bros. and Denton Limited since September 1967, prior to which from May 1966 and March 1963 respectively Assistant Manager, Halifax Branch, and an Investment Analyst with that Company.



## Remuneration of Directors and Senior Officers

The following information is given for the last completed financial year of the Company ended January 3, 1970, with respect to the directors and senior officers of the Company as a group.

Aggregate direct remuneration paid by the Company and its Subsidiaries ..... \$349,965.00  
Approximate aggregate cost to the Company and its Subsidiaries of normal pension benefits ..... \$ 8,449.00

Aggregate amount of remuneration payments, other than direct remuneration, proposed to be made in the future by the Company and its Subsidiaries pursuant to an existing arrangement. \$ 36,250.00

No director, senior officer, proposed nominee for election as a director or associate of any of the foregoing is or has been indebted to the Company or its Subsidiaries at any time since the beginning of the last completed financial year of the Company. Under the Stock Purchase Plan of Fraser Companies, Limited dated as of July 2nd, 1968, the Company provided moneys to trustees with which to purchase Common Shares of the Company for resale to certain employees of the Company upon the exercise of their rights. The aggregate amount owing by such employees to the trustees as at the date of this Information Circular, was \$1,217,752.58 of which approximately \$970,605.25 was owing by employees who were directors and/or senior officers of the Company.

The following information as to rights to purchase Common Shares of the Company is given for the period since the commencement of the last completed financial year of the Company, namely, December 28, 1968, with respect to the directors and senior officers of the Company as a group.

Period of Exercise (1) in 1969	Number of Common Shares	Purchase Price (2) per Share		Price Range (3)	
		Maximum	Minimum	High	Low
First Quarter	5,000	\$19.04		20	19½
Second Quarter	9,750	\$23.33	\$21.45	21¾	20
Fourth Quarter	6,000	\$22.43		25½	23½

(1) The rights to purchase were exercised pursuant to the Company's Stock Purchase Plan dated as of July 2nd, 1968.

(2) The purchase price was established in accordance with the provisions of the Stock Purchase Plan.

(3) Price range of Common Shares on Montreal Stock Exchange for thirty days preceding each calendar quarter within which rights to purchase were exercised.

## Appointment of Auditors

Messrs. Touche Ross & Co. are the auditors of the Company and have held such position for a period in excess of the preceding five years. It is proposed by the management of the Company that such firm be reappointed the auditors of the Company.

## Designation of Proxy

The persons named in the enclosed instrument of proxy have indicated to the Company their willingness to represent as proxy shareholders desiring to so appoint them. **If, however, a shareholder desires to appoint as proxy a person other than those designated, he should strike out the names of the persons designated in the instrument of proxy and insert the name of his representative in the space provided therefor.** A person acting as proxy need not be a shareholder of the Company.

## Voting of Shares Represented by Management Proxy

**The accompanying instrument of proxy confers discretionary voting authority upon the management nominees designated therein.** The management of the Company knows of no business other than that to which reference is made in the Notice of the Special and Annual General Meetings to come before the meetings. If, however, any other business properly comes before the meetings, it is the intention of the management nominees designated therein to vote the shares represented by such proxy in accordance with their best judgment.

By Order of the Board of Directors,

B. W. Hicks,

Secretary.